

MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
DECEMBER 2, 1993  
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on December 2, 1993. The meeting was held in Room 500-C of the State of Illinois Building, 160 North La Salle Street, Chicago, Illinois. The meeting was called pursuant to previous Board action and notice was duly and timely given to each Board Member and the public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey. Additionally, Interim Administrator Joseph F. Mc Quaid; Deputy Administrators Marcy L. Wolf and J. Thomas Hutchison; Chief Legal Counsel Donna B. More; the media and the general public were in attendance.

The meeting was called to order by Chairman Johnson at 10:23 A.M.

The first order of business was the approval of the Minutes of the Special Meeting of August 23 and 25, 1993 and the Regular Meeting of October 19, 1993.

Ms. Pyatt and Mr. Browder requested the minutes be technically corrected to reflect proper middle initials of their names.

There being no further corrections or amendments, Mr. Vickrey moved the minutes of August 23 and 25, 1993 be approved, as corrected. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Browder moved the minutes of October 19, 1993 be approved, as corrected. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the status report of Elgin Riverboat Resorts.

Mr. Dan Azark of Hyatt Development Corporation appeared on behalf of the applicant. He told the Board the Kane County Forest Preserve District had approved an easement to the City of Elgin for the construction of a ship yard and that contract negotiations with Bender Shipyards of Mobile, Alabama for the construction of a vessel were continuing. Mr. Azark further stated that an architect and contractor had been secured for construction of the proposed pavilion. He noted that Elgin Riverboat Resort had applied to the City of Elgin for a foundation permit and anticipated construction to commence by December 15, 1993.

Elgin Riverboat Resort requested Board approval to amend their application for the construction of a 540 space parking deck. The original plan had called for grade parking. The Chairman, after consultation of the Chief Counsel, noted that Board Rules require notification of a proposed change to an application, but absent an objection of a Member, the request did not require Board approval.

Mr. Azark, with other experts, briefed the Board on anticipated traffic flow patterns to and from the docksite. Mr. Vickrey asked clarifying questions regarding traffic flows on National Street in Elgin and expressed concern that if adequate planning was not taken, patrons would not be able to access the area to meet scheduled cruise departure times.

Mr. Azark stated that Elgin Riverboat Resorts expected to commence operations during October, 1994.

The next order of business concerned updates from owner licensees. Chairman Johnson noted that all owners had been sent a letter requesting a presentation on efforts to identify and prohibit gambling by persons under the age of twenty-one. The Chairman recognized Argosy Gaming Company.

Mr. Jeff Roberts, Associate General Counsel for Argosy Gaming Company, appeared on behalf of the licensee. Mr. Roberts reported that Alton Gaming Company had returned to normal operations following the Summer floods on the Mississippi River. He noted, however, that road construction projects continued in Alton which impacted on traffic flow to and from the docksite.

Mr. Roberts described the company's Internal Controls prohibiting minors from gambling or purchasing alcohol. He told the Board that a first offense results in creation of a record held by the company; a second offense results in summoning Alton Police whereupon a complaint for criminal trespass is signed by the company. Mr. Roberts stated that although a number of minors have been detained, the company did not possess specific records. Mr. Roberts stated that significant numbers of signs were posted and that warnings were included in printed brochures.

The Chairman requested submission of factual information so that the Board could assess the effectiveness of internal control procedures. He said that it was important for the Board to know how many persons were detained or arrested to make an assessment. The Chairman noted that licensees are held responsible for upholding the provisions of the Riverboat Gambling Act prohibiting minors from gambling.

The Chairman next recognized Par-a-dice Riverboat, Inc.

Mr. Mark Sterbens, President, appeared on behalf of the licensee. He told the Board that over the past two years, twenty-six minors had been arrested, and hundreds of others had been refused entry to the casino and bar areas for failure to produce a suitable identification proving age. He noted that Par-a-dice utilized uniformed security personnel as ticket takers. He stated that Par-a-dice utilizes T.I.P.S. training.

The Chairman next recognized Jo Daviess Riverboat Joint Venture.

Mr. Joe Duellman appeared on behalf of the licensee. He told the Board that approximately 19 minors have been detained to date. Mr. Duellman stated that a problem had arisen concerning adults who had brought small children with them. He said that during the summer, the situation presented little problem as children could stay outside during warm weather on the top deck. Mr. Duellman further reported that new competition from Dubuque, Iowa was anticipated in the near future.

Chairman Johnson asked questions concerning cruise disruptions. Mr. Duellman responded that the Silver Eagle was in the process of replacing a

damaged propeller and that until repaired, the vessel was limited in its thrust capability. Mr. Duellman also noted that ice has already become a problem.

The Chairman next recognized Rock Island Boatworks.

Mr. Jim Carter, Director of Security, appeared on behalf of the licensee. He told the Board that over the last year and a half, two minors had gained entry to the casino. He noted that 150 personnel had been trained in T.I.P.S. Mr. Carter also explained a detailed report of incidents submitted, which he distributed to members.

The Chairman next recognized Empress River Casino Corp.

Mr. Kevin Larson, President, appeared on behalf of the licensee. He reported that Empress II was en route to Joliet and expected to commence operations by the end of 1993. Mr. Larson requested Board consideration for approval of a submitted plan for gaming positions. The Chairman noted that the request had inadvertently been left off the agenda and asked leave to add the subject as matter 5a. There were no objections.

Mr. Larson next told the Board that since June 1992, forty-six persons had been ejected from Empress for being underage. He noted that since October, 1993 twenty persons had been caught attempting to board the vessel and another five persons had been able to circumvent control measures, but were later caught by security personnel.

The Chairman next recognized Southern Illinois Riverboat\Casino Cruises, Inc.

Mr. Pat Rogers, Vice President of Operations, appeared on behalf of the licensee. He told the Board the procedures Players Riverboat Casino used to monitor underage gambling, including the use of a hand stamp so that once carded, patrons were not subjected to repeated inquiry by security personnel. Mr. Rogers also told the Board about developments in other nearby states concerning gambling.

The Chairman next recognized Hollywood Casino - Aurora, Inc.

Mr. Richard Knight, Chief Operating Officer, appeared on behalf of the licensee. He told the Board that between October 22 and November 30, 1993, Hollywood verified the ages of nine thousand patrons, turning away 308 individuals who were minors or had no identification. He also noted that seven persons were arrested for criminal trespass. Mr. Knight further reported that the cruise frequency during November for City of Lights I was 70% and for City of Lights II, 83%. He noted that river depths were not at issue. He stated that a dredging permit from the U.S. Army Corps of Engineers was anticipated no later than February, 1994 and would make a more detailed presentation at the next meeting of the Board. Mr. Knight also reported that negotiations with Commonwealth Edison for relocation of suspended power lines were continuing and gave updated minority hiring information noting that minority employment surpassed local labor market percentages.

The Chairman next recognized Des Plaines Development Limited Partnership.

Mr. Timothy Wilmott, General Manager, appeared on behalf of the licensee. He told the Board that the permanent land based facility opened on November 3, 1993 and that the Southern Star was anticipated to commence operations by the

end of 1993. On the subject of underage gaming, Mr. Wilmott described Harrah's Project 21 program. He stated that some 200 patrons were checked for age on a daily basis. He noted that during the month of November, 192 persons were turned away. Mr. Wilmott stated that no arrests had been made since Northern Star had commenced operations, although six persons had been detained.

The Chairman next recognized Casino Queen, Inc.

Mr. Michael Gaughn appeared on behalf of the licensee. He told the Board that since October 28, 1993, 350 minor individuals had been turned away because of age. Mr. Gaughn noted that due to a philosophical belief, Casino Queen does not detain or summon police to arrest minors. There was no further discussion.

The Chairman instructed staff to develop a reporting form to record incidents of gambling by underage patrons and actions taken by licensees to enforce the requirements of the Riverboat Gambling Act.

The next order of business concerned a request received for information filed under the Freedom of Information Act. The Chairman noted that the subject had appeared on the agenda of the October 19, 1993 Regular Meeting of the Board, consistent with Board meeting procedures. The Chairman recognized Chief Legal Counsel, Donna B. More.

Ms. More reported that the request received concerned disclosure of pay out percentages of slot machines. She noted the request asked for the information by denomination.

Ms. More told the Board that no comment had been received from licensees explaining competitive harm that release of the information would cause. She noted that staff had received some opinion from licensees prior to the October meeting.

Chairman Johnson noted that the requested information is disclosed by New Jersey, and in a different format by Nevada.

Ms. Pyatt made the following motion in writing:

"After review of the request to release information regarding the hold percentages for each denomination of electronic gaming device on each riverboat, and after review of the Freedom of Information Act, paragraph 7 (g), I move the Board release the requested information, as disclosure of this type of information is not proprietary, privileged or confidential, nor would disclosure cause competitive harm to owner licensees."

Mr. Browder seconded the motion. The Chairman called for discussion.

Chairman Johnson stated that although licensees had alleged that release of the information would cause competitive harm, none was able to explain the nature of the harm. He stated he felt the Board had a duty to disclose such information.

Mr. Vickrey stated that he felt the industry should be afforded an additional month to respond to the issue. Mr. Vickrey moved the motion lay upon the table.

There being no second, the motion to lay upon the table failed.

The Chairman called for the yeas and nays on the motion to disclose.

The motion was approved by voice vote. The Chairman ordered a roll call be created as follows:

On the motion:

Mr. Browder	"Aye"
Ms. Pyatt	"Aye"
Mr. Roberts	"No"
Mr. Vickrey	"No"
Mr. Chairman	"Aye"

The motion was approved 3-2.

The next order of business concerned a request received from Empress River Casino Corporation for interpretation of "1200 gaming participants." The request sought to allow adjustment of gaming available on Empress I & II by segregating various denominations of gaming devices and their availability during specific cruises. In calculating gaming participation, Empress requested "trading" 14 table games for 89 electronic devices during specified cruises.

The Chief Counsel advised the Board that no legal impediments existed as a result of the request. She also reviewed Board policy which had been drafted as a Rule awaiting promulgation.

Mr. Roberts moved that staff be instructed to promulgate rulemaking defining the term "1200 gambling participants". Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved by voice vote. The Chairman ordered a roll call be created as follows:

On the motion:

Mr. Browder	"Aye"
Ms. Pyatt	"No"
Mr. Roberts	"Aye"
Mr. Vickrey	"Aye"
Mr. Chairman	"Aye"

The motion was approved 4-1.

Mr. Roberts moved that the request of Empress River Casino be found in compliance with Board policy. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Suppliers Licenses. The Chairman recognized River Casino Corporation.

Mr. Mike Kelly, Chief Financial Officer, appeared on behalf of the applicant. He told the Board that River Casino Corporation was created to be the supplier of a riverboat, known as Empress II, which would be leased to Empress River Casino Corporation. Mr. Kelly stated that the vessel would be delivered to Joliet in a matter of weeks and requested the immediate consideration and approval of the Board. He noted that the application for a

Suppliers License had been filed on October 1, 1993 and that the corporation had been formed to be separate from Empress River Casino Corporation because of the severance with the former management partner. He also stated that other litigation was pending.

The Chairman next recognized Harrah's Illinois Corporation.

Mr. Timothy Wilmott, General Manager, appeared on behalf of the licensee. He requested immediate consideration for approval to amend Harrah's Suppliers License to include authority to lease a vessel known as Southern Star to Des Plaines Development Limited Partnership. Mr. Wilmott stated that Harrah's Illinois was committing the Southern Star to the partnership for five years after which the vessel might be moved to another jurisdiction. He noted that an application to amend was filed in April, 1993.

The Chairman next recognized Pratt Management Limited Partnership.

Mr. Roberto Rivera-Soto appeared on behalf of the applicant. He requested immediate consideration of an application for a Suppliers License filed October 8, 1993. Mr. Rivera-Soto described the application as a financial restructuring which transfers the management agreement for Hollywood Casino Aurora from Greate Bay Casino Corporation to the new entity. He stated that Pratt Management Limited Partnership was authorized to do business by the State of Illinois. He noted that Greate Bay Casino Corporation, in addition to managing Hollywood Casino Aurora, held all issued and outstanding stock of Greate Bay Hotel and Casino, Incorporated, (the Sands Hotel and Casino in Atlantic City, New Jersey). He acknowledged that the sole asset of Pratt Management Limited Partnership would be the management agreement for Hollywood Casino Aurora.

Mr. Edward Pratt, III appeared and described the debt and assets of the involved business entities. He stated the reason for the transaction was to refinance the existing debt, primarily of Pratt Hotel Corporation, and that the transaction needed to be taken to take advantage of favorable interest rates. He told the Board there was no additional restructuring in the foreseeable future.

In response to questions, Mr. Pratt stated the following:

Total amount of debt to be refinanced was \$292 million.

Proceeds would be used to refinance the first mortgage of the Sands Hotel and Casino, the PCPI bond debt, related debt between Hollywood Casino Corporation and Pratt Hotel Corporation, elimination the advance of management fees to Greate Bay Casino Corporation from Hollywood Casino Aurora and associated transactional costs.

The emphasis of the transaction was to reduce the number of entities.

There was no further discussion.

Mr. Roberts moved that pursuant to the Open Meetings Act, 5 ILCS 100, Section 120/2 (g), (h) and (k) that the Board retire to Closed Session to consider the following subject matters:

1. Personnel - Search for Administrator
2. Recommendations of the Administrative Law Judge

3. Reports concerning applicants for Supplier and Occupational licenses
4. Investigatory Matters
5. Pending Litigation
6. Information relating to Procedures of the Board

Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 1:39 P.M.

The Illinois Gaming Board reconvened in Open Session at 3:31 P.M. with all members present.

The first order of business was the continuation of consideration of Suppliers Licenses.

Mr. Vickrey moved to suspend the adopted procedure to give immediate consideration to River Casino Corporation. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion to suspend was approved 4-1.

Ms. Pyatt moved that River Casino Corporation's application to supply a riverboat to Empress River Casino, Corporation be approved. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved to suspend the adopted procedure to give immediate consideration to Harrah's Illinois Corporation. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion to suspend was approved 4-1.

Ms. Pyatt moved that the Suppliers License of Harrah's Illinois Corporation be amended to include authority to supply a riverboat to Des Plaines Development Limited Partnership. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved to suspend the adopted procedure to give immediate consideration to Pratt Management Limited Partnership. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion to suspend was approved 4-1.

Mr. Roberts moved that Pratt Management Limited Partnership's application for a Suppliers License be approved. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was Occupational Licensing.

Ms. Pyatt moved that the application received from Mark A. Sterbens for an Occupational License Level 1 be approved. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the application received from Edward M. Cisowski for an Occupational License Level 1 be approved. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board adopt the staff report and recommendations with respect to applications received for Occupational Licenses Levels 2 & 3 and that the applications be approved. It was noted that the motion included 96 Level 2 applications and 180 Level 3 applications. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board adopt the staff report and recommendations with respect to applications received for Occupational Licenses Levels 2 & 3 and that the applications be denied. It was noted that the motion included 29 Level 2 applications and 46 Level 3 applications. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned reports and recommendations received from the Administrative Law Judge and requests for Administrative Hearing.

Mr. Vickrey moved that the request received from Willis Stephens seeking leave of the Board to withdraw his request for hearing be granted and that the applicant be allowed to re-apply within one year of the date of his initial denial. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the request to withdraw was granted leave.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License Level 2 received from Ronald Kubis. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendations of the Administrative Law Judge, deny the application for an Occupational License Level 3 received from Malcom Jones. Mr. Browder seconded motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.



Mr. Vickrey moved that the request for hearing received from Carl Bush be denied because the request was untimely filed as required by the Riverboat Gambling Act. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was unanimously approved by voice vote.

The Chairman announced that the Board will contract for additional Administrative Law Judges to eliminate a growing backlog of hearing requests.

The next order of business concerned Board notification and approval of debt and stock offerings.

Staff recommended a review of current rules concerning public offerings and to what extent the approval of the Board was necessary. The Chairman requested input from owner licensees. Mr. Joe Walsh of Argosy Gaming Company appeared and told the Board that the rules should not increase delay of Board action to approve the offering. Staff was asked to develop options for review of the Board.

The next order of business concerned whether an employee of an owner licensee could be compensated by the theoretical hold of the wagering of a patron. The Board discussed whether an employee, acting as a junketeer, was required under rules of the Board to obtain a suppliers license. The members agreed that for persons to be compensated in the manner described, required amending Board Rules. There was no further discussion or request for action of the Board.

The next order of business concerned approval of additional members of Boards of Directors. The matter was deferred with leave of the Board.

The next order of business concerned approval of additional investors for Casino Queen, Incorporated.

Mr. Vickrey moved that the applications received from John E. Kenny, Joan Kenny Rose, James C. Kenny, Philip Kenny and Mary Ann Kenny Smith to become investors in Casino Queen, Incorporated through purchase of stock be approved. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next announced that efforts to secure an Administrator continued and that several applications were under review.

The next order of business concerned New Business. The Chairman recognized Member Browder.

Mr. Browder stated concerns with Rule 3000.510, Excursions During Inclement Weather or Mechanical Difficulties. He stated that he believed the legislature did not grant authority to the Board to allow simulated cruises.

Mr. Browder moved that effective March 1, 1994, Rule 3000.510 be amended by deleting subsection (b) and changing subsection (c) to read as follows:

"Once a Riverboat captain has determined that circumstances set forth above have occurred, the Riverboat shall not depart from the dock for the scheduled excursion or the remainder of an excursion period, whichever is

applicable, and there shall be no gambling on that Riverboat until an actual moving excursion is underway or has been deemed to be started pursuant to Rule 3000.500 prior to, or following the navigation of the Riverboat."

and that the necessary renumbering of affected subsections occur. Ms. Pyatt seconded the motion.

Without objection, consideration of the motion was postponed until January 18, 1993.

The Chairman instructed staff that as part of consideration of the motion that a review of Sub-part E of the Board's rules would be undertaken.

The Chairman announced that the Board would hold Regular Meetings on the third Tuesday of each month.

There being no further business to come before the Board, Ms. Pyatt moved the Board stand adjourned. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board adjourned at 4:22 P.M.

Respectfully submitted,

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James A. Nelson  
Secretary of the Board

